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SITUATING INFORMAL WELFARE WITHIN IMPERFECT WELLBEING REGIMES

Geof Wood

Professor of International Development
Faculty of Humanities and Social Sciences
University of Bath
Claverton Down
Bath BA2 7AY

G.D.Wood@bath.ac.uk

44 (0)1225 386736

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ABSTRACT

Within a comparative theoretical wellbeing regimes framework arising from Polanyi, Esping-Andersen and recent work by Gough and Wood, the paper will reflect upon the position of the nation state and non state-centred actors in the support for welfare and the security of agency. With the nation state appearing as a key problem in a globally comparative account of social policy, the roles of other actors above and below the nation state are thus significant in any analysis of power relations, social reproduction and policy outcomes. It is clear that in many poorer countries, the problem for state actors is that power, authority and, more problematically, legitimacy lies significantly elsewhere. This is demonstrated by analytical reference to the institutional responsibility matrix (IRM), with global and national level dimensions across the domains of state, market, community and household. A review of this matrix indicates other loci of power, together with a contaminating permeability between these 4 domains of power. This negative permeability arises from a deployment of personalised social and cultural resources rather than accessible social capital (i.e. transparent and accountable), and functions to reduce the capacity of state actors to act in open democratic ways. Importantly, aspects of globalisation can interact directly with sub-national entities thus by-passing and undermining the state. MNCs deal with ethnic power structures and local warlords to access oil, minerals, precious metals and diamonds, sometimes via interlinked money laundering and arms agreements--thus promoting regional bases of power at the expense of central authority. International donors (including charities) sometimes leapfrog the state to implement projects via regional governments and NGOs. Remittances avoid the taxing capacity of the state. Wider faith movements operate directly with their congregations. Cross border ethnic solidarities represent secessionary challenges to their respective, weakly embedded 'nation' states. Large ethnic concentrations substitute themselves for the national identity as the price for remaining part of a larger whole. Economic and political transactions are conducted through the personalised networks of kin, clan, ethnic, race, caste and other such identities, entailing exclusion and preferentialism. And there are civil society and philanthropic organisations embedded within socio-cultural institutions engaged in welfare while reproducing dependent security and engendering Faustian bargains. This is clearly a complicated institutional landscape within which to formulate the idea of responsibility for social policy.

Introduction

Social policy in OECD countries is usually associated with state support for livelihoods that cannot otherwise be sustained via markets, employment, savings, capital acquisition, self-funded pensions and residual family relationships. A Polanyian principle is at work (Polanyi 1957) in which the labour market is partially de-commodified by public intervention to insulate individuals and their families from market volatility: the pursuit of security via public and collective insurance. As Gough and Wood (2004) have argued, following Esping-Andersen (1991), this de-commodification reflects a political settlement between labour and capital under conditions of pervasive formal labour and financial markets, accompanied by highly legitimate states arising from democratic processes entailing the ingredients of accountability and transparency as features of good governance. This combination of conditions provides for a wide range of rights based entitlements in return for high rates of taxation with re-distributive, flat rate and regressive elements. Thus both taxation and benefits operate within strong legal frameworks based on equity and precedent/case law.

Even under the more robust versions of this ideal model of a welfare state regime, the state and capitalist markets between them do not have a monopoly of support for people's livelihoods. And as I write during the early period of a likely long recession, this political settlement between labour and capital will become increasingly frayed and battered. Even during the more successful growth periods of the UK economy over the last 3 decades, the deal has by no means offered universal or comprehensive support. And the cracks have been exacerbated by an ageing population, only partially offset by immigrant fuelled care services, with young immigrants themselves not claiming or being deliberately excluded from the full package of social insurance. And even where state support has in principle been available, quality and adequacy continuously fall short of needs, and in postcode terms can be highly variable. Variable quality can refer to health, elderly care, education, other social services (especially child support services, but also learning difficulties and mental health), while adequacy refers to the level of financial benefits required to underpin either the citizenship tests of Rawls or the capability tests of Sen (2005), let alone other indices of absolute poverty. And of course, even within a broad political settlement, quality, comprehensiveness, universalism and adequacy have been a function of the ideological complexion of the ruling party, affecting provision and entitlements at the margin. In the UK, Thatcher and Major rolled these variables back though less than the accompanying rhetoric, and Blair and Brown have rolled them slightly forward but not as far as the accompanying rhetoric. And the weakness and partiality of state support in the USA compares very unfavourably to European or Dominion countries, with prison as a much stronger instrument of social policy leading to the 'carceral state'. Some reversal of the neocon neglect of the Polanyian principle can be expected under Obama.

Thus the search for security has to extend beyond the state even in richer, OECD societies. The Wood and Gough (2006) preoccupation has extended beyond the societies located within Esping-Andersen's welfare state regimes (1991,1999) towards countries across the globe with different histories, cultures, resource endowments and institutional conditions across state, markets, communities and

households. In other words, countries with other institutional landscapes.¹ Amid this comparative complexity, the two prominent ‘condition’ variables are: problematic states with respect to their legitimacy to uphold rights and effect de-commodification; and highly imperfect, non-pervasive labour and finance markets, denying a platform for employment related forms of social insurance of any universal dimension. In terms of institutional choice, people are obliged to function within these highly problematic arenas of state and market with their uncertainties and imperfections, and at the same time, to rely more heavily upon the community and family/household arenas. Thus their livelihoods are much more a function of non-stranger social embeddedness rather than abstract, impersonal, disembedded rights, non-sensitive to the preferentialism of power-holders.

This contrast sets up a major theme of this paper: namely the contrast between dependent and autonomous security. The argument here is that while the normative goal is towards autonomous (in the sense of rights-based) security, what people actually experience in non-OECD societies is dependent security at best. And elements of dependent security feature in OECD countries too. Thus non-state welfare is a pervasive phenomenon of all welfare (or wellbeing) regimes. The distributional composition of the dependent and autonomous dimensions to welfare becomes a key determinant of life chance and life cycle inequality both within societies as well as between them.

Although Gough and Wood (2004), and Wood and Gough (2006) have offered a comparative global typology of welfare regimes, supported by cluster analysis based on a set of social indicators, it is not the intention to repeat that approach here. By recognising that non-state welfare occurs across all regimes but to varying degrees (hence differential regime types), the focus here is therefore upon the analysis of different types of non-state welfare and their significance for the continuation of dependent security and the receding goal of autonomous security. At the same time, we will offer a taxonomy of non-state welfare in order to analyse their regime significance, since the concern is not just to identify and describe forms of non-state welfare but to assess their social and institutional implications for ongoing political settlements about responsibility for livelihoods.

Finally in this introduction a comment is required on terminologically distinguishing between welfare and wellbeing, as well as the use of the term ‘regime’. ‘Welfare’ in

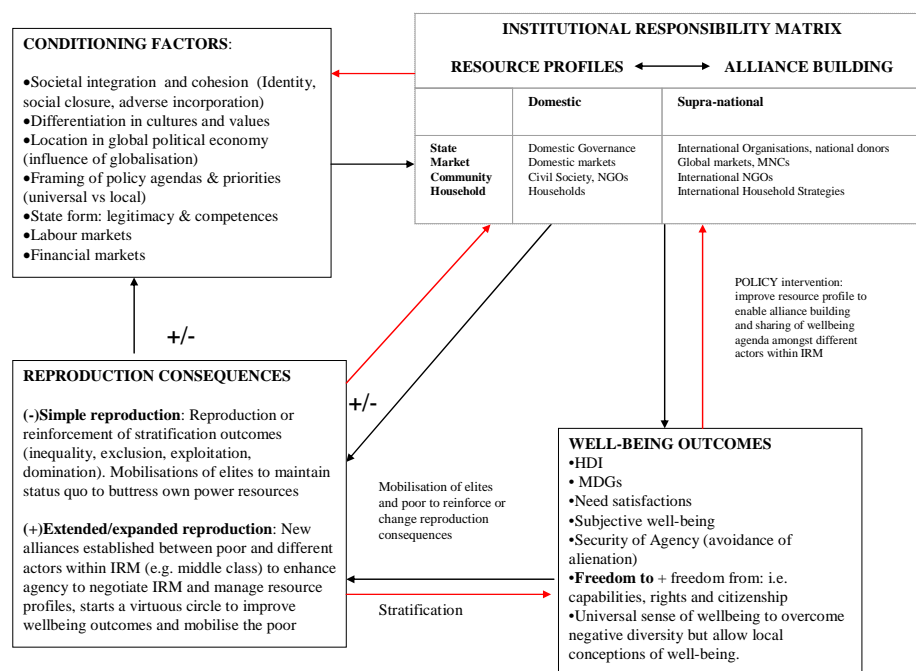
¹ Several principles underpinned that wider framework. **First**, that states in poor countries have problems of legitimacy and that well-functioning labour and financial markets are not pervasive. **Second**, that these problematic conditions limit the capacity of the state to act in a compensatory way for the inequitable outcomes of the market in highly unequal societies (both vertically and horizontally). **Thirdly**, that a comparative conception of social policy has to embrace non-state centred actors. This implies, **fourthly**, that rights and entitlements may also be found (in some instances, with some security) in the informal domains of social relationships and cultural expectations. Some of these domains are more formally organised (churches and mosques, charities, NGOs and philanthropy generally), while others are more personalised in a range of clientelist and reciprocal (perhaps kin) arrangements. **Finally**, attached to the notion of ‘regime’ is the assumption of path dependency, with outcomes from political economy and the deliberate interventions of state and non-state actors comprising the process of social reproduction--both simple (static) and extended (dynamic). Simple reproduction totally enshrines path dependency. Extended reproduction introduces possibilities of new mobilisations, identities and solidarities with the potential to alter the regime's direction.

social policy connotes a familiar range of support for livelihoods, expressed more in material and human capital terms. This is similar to ‘welfare’ in economics as ‘advantage’ related to wants and needs. Some colleagues maintain that ‘wellbeing’ adds nothing to ‘welfare’. Others, especially those in the WeD² programme at Bath but now more widely, contend that welfare connotes means, inputs and outputs measured against objective universalist criteria, but in so doing does not capture a more ultimate outcome value expressed as happiness both hedonically and eudaimonically, entailing subjective awareness, feelings and perceptions. Thus wellbeing and illbeing match more closely, for example, to a Rawlsian agenda about citizenship and belonging (Rawls 1970), and to a Sen agenda about capabilities (Sen 1985, 1999, Alkire 2003, Bebbington 1999) , or indeed to a Marxian agenda about alienation. Alienation has for a long time embraced the sense of feeling about the relationships, structures and institutions within which one is located without ‘advantage’. Perhaps the supporters of retaining the term ‘welfare’ always meant to include these cognitive and perceptual dimensions. The important thing is to agree that our focus needs to be on the more inclusive agenda, since the study of human behaviour independently of feelings is ridiculous. The term ‘security’ is also inclusive in a similar way.

The Wellbeing Regime Model

Figure 1 below sets out the basic inclusive model of a wellbeing regime (as a conceptual advance on welfare regime).

Figure 1. Model for Wellbeing Regimes



² Wellbeing in Developing Countries, funded by the UK ESRC, involving primary fieldwork in 4 countries: Peru, Ethiopia, Bangladesh and Thailand.

Beginning at the bottom right-hand corner, the *wellbeing outcomes* of the population represent the classic objectives that social policy and social development aim to meet through social protection and social investment in human resources and agency. These can include satisfaction of basic and intermediate needs, reduction of poverty and vulnerability and other measures of low or inadequate resources. In moving from welfare to wellbeing, outcomes are extended to include social identity, citizenship, participation, reduced alienation and freedom from fear. Moving to the top right of the figure, wellbeing outcomes are not explained simply by the presence and practice of policy. Rather they are explained most immediately by agency-structure interaction within an institutional responsibility matrix (IRM) or welfare mix. This is the institutional landscape within which people pursue their livelihoods and welfare objectives, and embraces the role of government, community (informal as well as legally constituted), private sector market activity, and the household in mitigating insecurity and ill-being, alongside the role of matching international actors and processes.³ The welfare mix in turn is greatly shaped by the *conditioning factors* of a country (top left): the pervasiveness and character of markets, the legitimacy of the state, the extent of societal integration, cultural values and the position of the country in the global system. Finally, under *reproduction consequences* we consider social stratification and patterns of political mobilisation by elites and other groups (bottom left of Figure 1) as both cause and consequence of the other factors. Social stratification refers both to the existing distribution of power in society and the extent and nature of societal inequalities. These and related mobilisations of different groups and coalitions reproduce or change the institutional conditions of the society, and thus reproduce or change the welfare mix and patterns of welfare of the country. At the same time, the welfare mix and wellbeing outcomes also influence the nature of future political mobilisations. These processes can reproduce a stable political settlement (in more settled societies) or be a driver for fundamental change.⁴

This model draws on research in the 4 countries studied under the WeD project, as well as experience of other societies especially in South Asia, to extend the earlier notion of a welfare regime (Gough and Wood et al 2004, Wood and Gough 2006) towards the idea of a wellbeing regime, elaborated in four ways. **First**, the framework broadens the concept of welfare to include subjective as well as objective dimensions. This is important not only to understanding wellbeing as an end in itself, but also as the motivation for personal and collective agency (Copestake 2007). **Second**, the analysis gives more emphasis to change, uncertainty, political instability and the challenges of societies undergoing rapid, anomic change. **Third**, given the

³ The household is used deliberately as a unit of kin-based moral responsibility for its acknowledged members. Of course, at any one time, some members may have migrated for shorter or longer periods, but contribute through remittances and participation in strategic decision-making. Broader kin groups operate, for the purposes of the IRM in the 'community' domain.

⁴ The term political settlement refers here to the *de facto* agreements that have evolved between different classes, groups and interests over time regarding the principal ways in which the society is run, *de facto* rights are distributed and resources are allocated. Such settlements can perpetuate welfare inequalities as a reflection of power and domination. They can also enshrine concessions to politically weaker groups (and commitments to public goods by elites, as part of enlightened self-interest), as well as the exclusion of others. The stability or regime characteristics of such settlements become hegemonic in that no-one can imagine meaningful policy negotiation occurring outside of these accumulated, *de facto* agreements.

problematic nature of the state in relatively unsettled societies, the analysis goes further than is normal in social policy by recognising the importance of empowering poor, marginalised and vulnerable people themselves. **Fourth**, the analysis is also extended to cover non-state actors, including churches, NGOs, charities, well established social movements, local level forms of philanthropy and mutual support. These last two points in effect add the notion of social development to social policy.

This first elaboration can be extended further by arguing that individuals' wellbeing cannot be assessed in isolation from, but only in relation to that of, others. Hence social policy is about the capacity of society-level institutions and social processes to provide preconditions for some concept of collective wellbeing. Such a proposition is akin to the view that personal happiness is some function of aggregate or utilitarian happiness and to the idea of the "common good" (Deneulin 2006). The scope for social engineering by the state to bring about such collective outcomes is, however, constrained by its effect on both the wellbeing and agency of other actors, particularly given their greater significance in relatively unsettled societies. We are interested in the social conditions that inhibit or enhance such a quest for collective advantage – the configuration of power and the associated forms of social reproduction that contribute to the relative stability and success of different wellbeing *regimes*. However, before examining further the political problems to be overcome in establishing a successful wellbeing regime, more needs to be said about the normative significance of a wellbeing perspective for an enriched account of social policy, especially in poorer countries.

In societies where neither material resources nor social relations permit reliance upon the state for statutory rights and entitlements in the form of welfare and regulated insurance then reliance upon individual agency mixed with local level collective action has to be correspondingly stronger. It is the enhancing of this agency (or set of capabilities) which has to become more central to policy analysis. If we consider the institutional landscape within which people pursue their survival, then capabilities have to be specified across the domains (domestic and supranational) of that landscape: the state itself; but also market, community and household. And all the time we have to recognise the structuration principle that successful agency will induce dynamic (in contrast to simple) social reproduction which can be positive in the sense of enhancing the utility of structures and institutions to the ongoing pursuit of wellbeing.

The key to this agenda in unsettled contexts is the distinction between 'freedom from' and 'freedom to'. Thus welfare policy in the relatively settled societies of most Western countries has been able to focus more upon the principle of 'freedom from', leaving 'freedom to' agendas to other social policy domains like education and health. By contrast, any welfare policy agenda in unsettled contexts, without deserting the 'freedom from' and human security agenda, also has to embrace a stronger social development agenda which places more emphasis upon 'freedom to' and human development objectives, in a way that goes beyond investment in individual human capital, competences and skills. This is more than a semantic point about the labelling of what goes under the heading of welfare policy in settled and unsettled societies. It is about where the responsibility lies for addressing the richer capabilities and universal human needs agendas as between individual agency and collective institutions (whether state or non-state). For example, in Alvarez (2007) identified

systematic variation in this responsibility between the seven WeD 'urban-rural corridor' research sites in Peru: more individual and state in urban areas; more household and community in rural.

Unpacking this further, and at the risk of over-simplification, 'freedom from' in richer, settled societies is equated with a social protection function in both an Hegelian and Polanyian sense: respectively protection from disorder as a precondition for procedural and social rights; and protection from basic income and livelihood loss through labour market regulation and forms of social insurance with universal benefits. But it is weaker in the former and stronger in the latter sense, because in settled societies, protection from disorder is so generic and embedded as to be almost unnoticeable for much of the population. Procedural rights are largely assumed, and thus social rights are more easily pursued and maintained. So broadly the more obvious welfare policy emphasis in settled societies has been income and livelihoods protection, and thus also social protection in the narrower material resource sense. The argument in this paper is that the more limited welfare policy agenda of social protection, while necessary, is not a sufficient option for even security and livelihoods objectives in more unsettled societies, because the statutory, public institutions are not there in the same strength to rely upon. There is no liberal-bourgeois consensus (or illusion) of substantive social rights supporting political equality amid economic inequalities.

Thus while 'welfare' regimes have been primarily focussed upon public institutional forms of the 'freedom from' and human security agenda, the more ambitious 'wellbeing' agenda in the sense of explicitly emphasising 'freedom to' and capabilities is in effect forced upon people because of the greater reliance upon personal agency and local level collective action in the context of greater uncertainty and the prevalence of informal rather than statutory arrangements. So is there a paradox here? The more ambitious 'freedom to' agenda becomes the greater imperative precisely in those societies where it is institutionally more difficult to achieve. We come to the institutional difficulties below, but having established the imperative we need still to dwell further on the nature of the 'ambition'.

Alienation, insecurity and the search for security of agency

The 'freedom to' agenda is enriched by a wellbeing conceptual framework, which has been, in turn, informed by the capabilities discourse (Sen 1999, 2005). But it also encourages a revival of the old theme of alienation: the widespread fear of insecurity among all classes, and more specifically the Faustian bargain between freedom and security faced by poorer people (Wood 2003). It can be argued that the whole discourse of 'development as freedom' leading on to the capabilities arguments via entitlement theory has its origin in the alienation problem. This has been expressed differently, but also compatibly, in Doyal and Gough's formulation of qualified autonomy as a universal human need alongside health (Doyal and Gough 1991). Autonomy as a determinant of wellbeing is also highlighted by the empirical studies of Ryan and Deci (2000, 2001), alongside not only competence but also relatedness: nobody is suggesting that pure autonomy is either possible or desirable (see also Devine et al. 2006).

Behind these propositions lies classic social contract theory emanating from the Enlightenment philosophers. The beauty of alienation as an entry point for the analysis of wellbeing regimes is that it takes us directly into the process issues of power, agency and hegemony (i.e. socially and culturally conditioned institutional landscapes with social reproduction outcomes circumscribed by power and agency) as well as the ontology of wellbeing (i.e. the experience of being alienated, as the more pervasive self-perception among non-elites around the world than the enjoyment of qualified autonomy). Thus, in a process sense, alienation is more obviously relational, pointing us towards the various dimensions of inequality in which agency (as choices, options and opportunities) of the many is constrained by the interests of the few. The Faustian bargain does not only express this headline problem of inequality and differential power, it also crucially adds the element of ongoing foreclosure of agency via the continuous reinforcement of dependency over autonomy. Thus in place of a normative capabilities approach about empowerment, alienation is more realistically analytical as a way of reporting actual behaviour and feelings. In an ontological sense, alienation draws attention to the threatened nature of wellbeing outcomes (i.e. the constant possibility of illbeing outcomes) and thus takes us beyond the more limited agenda of outcomes in the welfare regime model which can be criticised for assuming a positive, unmediated, connection between improvement in income, other HD indicators and wellbeing, without giving due recognition to the security of agency (i.e. the removal of alienation). It is this security of agency (Wood 2007) which represents the enriched social policy agenda for unsettled societies, characterised by widespread poverty which ontologically entails insecurity of agency--the capabilities problem.

The Permeability Problem

A crucial feature that the Institutional Responsibility Matrix (IRM) shares in common with welfare regime analysis is that these institutions do not operate independently from the others in terms of rules and pervading moralities. In other words, there is 'permeability' between the institutional domains of the matrix, as a function of the overall conditioning factors. This in turn sets limits to the possibility of one set of institutions counteracting or compensating for the dysfunctional effects of another.

It has been familiar to assert under welfare state conditions that the state can compensate, in distributional terms, for the market.⁵ While there is truth to this assumption, this truth re-affirms permeability rather than challenges it. So, in developed, politically settled, societies, we might acknowledge a consistency between the publicly-espoused principles of fairness, equity, transparency and trust as they operate in all domestic institutions of the IRM. Of course people are selfish and engage, for example, in tax avoidance and cheating, but not to the point of allowing anarchy and chaos to prevail over order.⁶ It is as if people know their own predilections for selfishness in their private 'market' and 'community' domains and

⁵ Indeed, it is this Polanyian assumption which underpins the de-commodification basis of Esping-Andersen's welfare state regime approach, where essentially labour is protected when in employment, and the unemployed are protected too.

⁶ Though during the financial and economic crises of 2008-?, it could be argued that investment banks pushed their version of de-regulated capitalism to the point of chaos, alongside mounting evidence of leading company tax avoidance contributing to a fiscal crisis precisely when bail-outs are being sought by banks and companies.

deliberately accept the obligations of citizenship enacted through the state domain. They accept the state because they acknowledge their own propensity along with those of others to otherwise free-ride. It is the qualified freedom of much bourgeois political philosophy. Thus the debate is not over **whether** regulation, but the **extent** of regulation. This principle has been revealed starkly in welfare state societies over the last year or so of financial crisis.

But the deeper problem arises when this permeability functions with the opposite effect and when alternative principles prevail: of privilege; of natural superiority of socially exclusive rights and entitlements; of selfishness; of private short-term gain; of fission; of social closure. Here all the domestic components of the IRM exhibit failures. Markets are imperfect, communities clientelist and socially exclusive⁷, households patriarchal and states marketised and/or patrimonial. Under such conditions, how does it make sense to expect the state to disentangle itself from deep social and political structures and function to compensate for them? As Poulantzas (1978) once put it, 'the state should not be regarded as an intrinsic entity: like 'capital', it is rather a relationship of forces, or more precisely the material condensation of such a relationship among classes and class fractions, such as this is expressed within the State in a necessarily specific form' (pp128-129). In this situation all are prisoners. The issue is whether the prison is worth living in or not, and what functions it performs. But do not expect its west wing to 'compensate' for its east wing! (Wood 2000). This is negative permeability, creating the conditions for not only much greater reliance by those in need upon non-state forms of welfare but also the opportunities for non-state activities to enter the landscape rather than be crowded out by effective public provision or needs satisfiers. The social significance and meaning of this non-state space in regime terms has profound implications for rights, entitlements and the security of livelihoods (Webster and Engberg-Pedersen 2002).

Although, heuristically, a sharp contrast has been made between positive and negative permeability, it would be wrong to assume an equally sharp contrast between the absence and presence of non-state forms of welfare. Clearly under conditions of positive permeability, there are numerous forms of 'charitable, NGO and not-for-profit' interventions in welfare. But they can be seen as supplements, usually regulated, to state provision. There are also non-state forms of 'for-profit' private provision contracted to the state in various forms of public-private partnerships. Institutional, non-family, old age care in the UK is now almost entirely provided by private care and nursing homes under contract to local authority social services, when not being paid for privately by families.

But the general conclusion remains: that under conditions of negative permeability between the major institutional domains of the IRM, we can expect more institutional choice in the direction of non-state forms of welfare. And we can expect weaker public-private partnerships. This reflects a social capital issue as well. Positive/negative permeability is a way of expressing a contrast between social capital and more personalised social resources. A well functioning state and near perfect markets are consistent with Northian contract society (North 1990) in which implicit as well as explicit contracts are possible, based upon trust, transparency and accountability. This underpins an institutional setting for rights, including rights to

⁷ And , of course, racially, ethnically and linguistically too--the problem of horizontal integration.

welfare and wellbeing. But such forms of social capital should, in my view, be distinguished from the idea of social networks or resources which are more personalised and sensitive to the principle of subtractability—i.e. they do not continue in an institutionalised form independently of their composition in terms of personnel. Thus under conditions of positive permeability, non-state forms of welfare may operate within a framework of social capital (for example charities and other forms of collective behaviour buttressed by the state via regulation or partnership). But under conditions of negative permeability, they are much more likely to operate outside such institutionalised protection and contract assumptions, and be far more dependent upon the quality of more immediate personalised loyalties and obligations⁸.

The Labelling Problem

We must also recognise that institutional choice for welfare is shaped by forces in addition to negative permeability: namely the power of labelling (Wood 1985, Wood in Moncrieffe and Eyben 2007)). Thus even under well functioning states and institutional landscapes, powerful elite ideologies shape rights and entitlements, defining access to public provision as well as exclusion, as part of the process of creating a political settlement about welfare. In Esping-Andersen's original schema, the 'regime' aspect of types of welfare capitalism expressed path dependency in terms of values and culture underpinning variant forms of political settlement. The distinctions between social democratic universalism, conservative familism and liberal residualism each reflected distinctive sets of ideas of where responsibility ultimately lay for livelihoods and security. Most obviously they expressed different value positions on a collective-individualist continuum, but complicated to a degree by a Catholic cultural reinforcement of family, located somewhere to one side of the continuum's middle. Of course these simple regime categories, rooted in respective histories, are under endogenous attack from demographic shifts (like ageing and elderly care concerns) interacting with globalised 'solutions' through migration and more complicated ethnic mixes with a resulting plurality of ideologies and value assumptions, not easily corralled by authoritative labelling from the state.

With more fragmented sources of labelling rather than a single, state source⁹, the terrain is far more contested—tempting leaders into compromises with 'local' cultural diversity, thus effectively recognising more categories of non-state welfare, which receive some endorsement and legitimisation from the state while simultaneously undermining the universal writ of the state itself. Many would argue that New Labour's 'multi-culturalism' stance has set that process of de-legitimisation in motion in the UK over the last decade. India has faced this problem over the communal bases of family law, especially revealed through Congress, and especially attacked by the BJP but from a Hindutva rather than secular position (see Corbridge and Harriss ???, and Luce 2006). Under these conditions of compromised political settlement, rights and entitlements become far more qualified by principles of exclusivity, social closure

⁸ See Wood (1999) for a discussion of the dark side of social capital in terms of 'adverse incorporation' which leads to Faustian bargains. Putzel (1997) had already indicated the dark side of social capital through his critique in terms of social closure.

⁹ See my autocritique of the 1985 arguments about authoritative state labelling in Moncrieffe and Eyben Eds 2007)

and membership or identity. Certainly more categories of informality, in the sense of partiality, are introduced as universalism is replaced by more specificity, derived from sub-national identities. A dramatic recent example of this trend has been the concession of Sharia law to Swat in Pakistan, as the short term price for stability.

Another dimension of the labelling effect upon informality is the discourse of self-reliance. In some ways, this is akin to the conservative familialism model of southern Europe, but emphasising the value and responsibilities of local community for welfare in preference to the state. A decentralised, collectivist model heavily supported by state mobilised propaganda. Obviously we have witnessed Soviet and Commune versions of this model, where the central state has not underwritten failure to meet welfare targets at the local level, but has meted out penalties. Various forms of cooperative initiatives worldwide have comprised a less draconian stance, with aspects of central state underwriting through state banks and subsidies. Perhaps more subtle versions of this discourse have been found through Gandhian conceptions of village government across his 'heritage' of South Asia over the last 60 years, starting, some would argue, with the Balwantra Commission in the 50s on Community Development. Yugoslavia under Tito developed a softer version of the Soviet. Military regimes in Pakistan and Bangladesh have favoured versions of this model via V-AID and Basic Democracies in Pakistan during the 60s, and *Gram Sarkar* and *Ulashi* ideas between 1975 and 1990 in Bangladesh. *Ujamaa* in Tanzania has also been famous since Nyerere's Arusha declaration in 1968. To the cynics, these initiatives all have one thing in common: the substitution of ideology about devolved responsibilities for direct investment in welfare by the central state. In the case of India, community development was an essential feature of the diversion of budget expenditure towards the commanding heights of industrial development from the 3rd 5 Year Plan: a Gandhian version of primitive socialist accumulation and urban bias (Lipton 1977). The original thesis on labelling in 1985 (Wood 1985) was prompted by the increasing development trend towards 'targetting', having its roots in the neo-liberal project of Reagan and Thatcher with heavy rhetoric of the liberal-residualist kind. This placed an emphasis upon reducing the residualist collective responsibilities of the state to the narrowest definition of idiosyncratic poverty possible, consistent with some retention of the political settlement around the ideals of the welfare state, as an aspect of the post-WW2 consensus.¹⁰

Under present conditions of global crisis (economic, climate and values), we can expect an intensification of labelling activity as political settlements about welfare get re-negotiated: to cope with abnormal fiscal crises induced by economic shocks rather than, say, demographic hazards, like ageing (in rich countries) and high proportions of youth (in poor countries); and to cope with the imperatives of global warming and climate change upon expectations about the inter-generational bargain in terms of environmental consumption and investment in alternative forms of energy. There will be strong pressures to transfer as much responsibility for welfare as possible from central revenue sources (the 'higher' end of the collective—individualist continuum) towards the individualist end requiring either an intensification of family caring values, or further reliance upon savings, insurance and other products in private financial markets despite their current bad press. We can expect the neo-liberal

¹⁰ The irony for the Thatcher regime in the UK is that public expenditure on welfare had to increase to meet rising unemployment benefit costs as the country post-industrialised. Overall public spending as a % of GDP barely declined under Thatcher, despite the rhetoric.

mantra of ‘personal responsibility’ to be re-asserted by political leaders, unable or unwilling to confront their own elites with higher tax demands. This will continue to reproduce present inequalities and cycles of deprivation, as richer families worldwide can access a wider range of care and human investment options (i.e. freedom from and freedom to options) than their poor counterparts (Deacon, Hulse and Stubbs 1997). This overall picture will be complicated, and qualified but not fundamentally challenged, by aspects of cultural diversity in which, say, path dependent family models of welfare remain intact (India and China for example) but are differentially supported by the availability of imported care (servants, nurses, companions). But overall, fiscally challenged states (whether from low and middle income countries, or newly exposed to recession induced budget deficits) will have no option but to extol the virtues of informal welfare as part of a re-negotiated value basis for political settlements. In the UK, New Labour’s ‘welfare to work’ will be replaced by the Tories’ ‘moral superiority’ of voluntarism and the intra-familial generational bargain (Collard 2000 and 2001).

A Taxonomy of Non-State Activity

Having provided the institutional and discourse contexts within which political settlements are made about the provision of social welfare, we need to gain some consensus over the forms of informal, non-state welfare. Referring back to the wellbeing regime above, people negotiate across an institutional landscape in their pursuit of happiness and security which is even more complicated than that represented in the schema above. Although we have referred to regime types in order to offer some overarching alternatives to welfare state conceptions (Wood and Gough 2006), ordinary people with any options are likely to spread risk and shock/hazard avoidance across a range of institutional options—a diversified portfolio of welfare. Even under ‘Stockholm’ conditions (Deacon 2001), markets and families are also deployed within that portfolio. Even under the extreme neo-liberal rhetoric of Thatcher’s UK, state options continued to feature—universal state pensions, the NHS, and state schools, for example. However, poor families in poorer countries have to operate under far more constrained conditions of institutional welfare choice, where the state can hardly be relied upon at all—even in an Hegelian sense for basic law and order as a prerequisite for private decisions about welfare and security. Extreme contemporary examples are Zimbabwe, Afghanistan, parts of Pakistan like FATA, eastern parts of the DRC and Somalia. But in a broader sense of fragile states with imperfect wellbeing regimes, then recourse to informal welfare and security is the norm.

Recognising complexity, let us start with the family and community locations of the IRM more at its domestic level than its globalised, international dimension. We have posited that even the family cannot be regarded as an uncomplicated ‘good’ for all its members at all points in an individual’s life cycle or the changing dependency ratios over a family’s evolved time. Families have alliances and implicit contracts within them: sometimes gender based between generations of women and girls; sometimes between siblings¹¹; sometimes age cohorts in opposition to other age cohorts, e.g.

¹¹ Operating Becker’s investment principles in his New Household Economics (Becker 1981)

parents versus grandparents, as extended, joint families break up into nucleated ones. With well observed discriminatory patterns to intra family food distribution, food security, health and education access, not all members can rely upon the family for equal treatment and *de facto* rights. Families are also located within migration and remittance contexts which can reflect a wide number of arrangements through which resources flow between adults, between genders, between open or targeted use. And remitting migrants are not always men, when we think of female garments workers in Bangladesh, or daughters in Thailand supporting parents and siblings from a range of occupations in Bangkok and its environs, or Filipino domestic workers and nurses in the Middle East and elsewhere. However, it is worth reflecting that a majority of families in NWFP in Pakistan are reliant upon remittance sources of income from the Middle East. Examples of the internationalised family are numerous, and the continuing desire for African males to imitate earlier waves of migration to Europe by men from the Indian subcontinent is testimony to the perceived significance of migration and remittances as a key source of family welfare at home.¹² Migration the world over for centuries has been a reflection of social closure in home societies, with groups excluded for various reasons from the main means of production and associated labour opportunities. Scots clans were dispossessed by 18th century enclosures, Jews were confined to trade as were the Lebanese and Ismaili clans, Sylhetis could not overcome their exclusion by Bengalis, Pakistani Kashmiris were separated from ancestral grazing rights in upland pastures. Partition in 1947 India dispossessed many as they moved for ethnic and communal security. The people of Isan in NE Thailand were essentially refugees from Cambodia from previous eras, unable to get a foothold in local forest rights, and thus heavily migrating to Bangkok and other urban centres. Versions of this story are everywhere.

For parsimony and conceptual clarity, the IRM moves from household (or immediate family) to ‘community’ as the next arena for informal, non-state, welfare. However, this is the occasion to deconstruct this broad category into its constituent elements. It is obvious, these days, to acknowledge that the notion of community cannot be understood in benevolent, Gandhian normative terms. The notion of community contains conflict and competition as well as collective, and mutually supportive behaviour—just like the immediate family. Thus ‘community’ can, for example, feature:

- extended kinship groupings up to lineages and clans;
- customary institutions of conflict resolution and self-management, often led by acknowledged elders and selected leaders (self-appointed, inherited, nominated, or maybe elected);
- religious versions of the same as in mosque and church committees, and in India we see caste *panchayats*;
- some of these provide judicial functions, with conflict resolution comprising fines, punishments and sanctioned compromises (such as the *shalish* in Bangladesh);

¹² During this recession, there is growing evidence of contraction in the Middle East (especially Gulf) states and in SE Asia in the construction and manufacturing sectors, inducing return migration and a decline in remittance sources of income. Even a relatively secure state like Kerala in SW India is now experiencing budgetary pressure as families of returned migrants from the Gulf make more demands upon the state.

- some of these provide local philanthropy by using local ‘taxes’ and religious funds to disperse as charitable support to locally defined ‘needy’ (e.g. *Zakat*);
- an array of more formalised local government institutions combining the raising and spending of local resources together with receipt of funds from other state levels for local disbursement, according to wider criteria;
- alongside regulated local government, an array of civil society institutions represented at ‘community’ level through community based organisations (CBOs), village organisations (VOs) and so on—often mobilised through the activity of regional and national level NGOs;
- these civil society organisations may be institutions for collective action for common property and other forms of self-management (e.g. cooperatives, water user groups, contracted service providers, collective managers and users of significant local resources such as forests), and/or collective action functioning as mobilised advocacy and pressure groups seeking rights and resources from the state;
- as potentially multi-functional organisations, some of these local level informal organisations metamorphose into forms of mutual assurance as ROSCAs and ASCAs¹³, and also become the lower, client-facing rungs of wider micro-finance networks which embrace savings, insurance, mortgages as well as credit;
- the local branches or chapters of national level charitable organisations, which engage in both fundraising and distribution, often in support of formal, public sector provision as in the UK social services;
- private sector care through nursing homes and outreach, under contract either to the individual client or to public bodies with statutory obligations to provide either directly or through providers in the marketplace.

This illustrative list is just a glimpse of a very complicated landscape to which any regional or country specialist can add their own variations. But there are some cross-cutting elements to many of these different versions of ‘community’ which affect the performance of non-state welfare. **First**, the permeability issue: the performance of these community level aspects of the IRM is a function of the overall organisational culture in the society. Thus they range from heavily patrimonial, arbitrary, preferentialist and discretionary practice (highly informal, unregulated and non-transparent, embedded in wider cultural systems) to transparent, regulated organisations conforming to local bye-laws and national legislation, with open governance, audit and inspection, even if they are in the ‘voluntary’ sector. Nevertheless, this latter end of the continuum can still be distinguished from the state when it reflects voluntarism or response to price, thus operating outside a formal system of rights and entitlements. But clearly in many parts of the non-OECD world, it is the other end of the continuum that prevails, offering favoured clients rewards in return for loyalty: dependency and reliability at the price of adverse incorporation and the Faustian bargain (Wood 2003). While this Faustian conclusion can be more easily observed in personalised patron-client relationships, the permeability principle can extend to the behaviour of large-scale NGOs and institutionalised patrimonialism—as can be found in Bangladesh through world famous organisations like BRAC, Grameen Bank and Proshika. They are under no statutory obligation to be present

¹³ ROSCA= Revolving Own Savings and Credit Associations; ASCA= Accumulated Savings and Credit Associations (i.e. a different model of disbursement).

everywhere in Bangladesh and with equivalent services. While their registration status demands financial probity, there is no governance over their selectivity of clients. The personal status of employed staff is enhanced by their charitable role, strongly endorsed by the philanthropical culture of the society. They enjoy deference from among their clients. These relations of dependency and deference are even more evident, the more local and embedded the community institutions. They operate without the sanction of registration in the customary sphere, often with religious origins, and reflect local structures of power.

Thus the **second** crosscutting element is power. Even within strong Buddhist indigenous ideologies of voluntarism and inclusiveness, such as Sarvodaya in Sri Lanka, local inequalities of power are on display. I recall a self-help labour scheme for village road construction where the local *babus* remained in their pure white dhotis under umbrellas, supervising the labour of the other, poorer men in the village—all in the name of mutual support. The Aga Khan Rural Support Programme in the remote mountains of Northern Pakistan prided itself upon the internal democracy of its Village Organisations through which infrastructural development, welfare, mutual aid and microfinance were to be pursued. In my first meeting with a VO, I, of course, discovered that its male members (about 25 in number) were all members of an extended kinship group (a *mahallah* clan in effect) and that the leadership of the VO was a mirror of hierarchy within the clan in terms of age and wealth status. Likewise the *Krishi Samabaya Samiti* in Bangladesh's 'progressive' Comilla cooperative programme were dominated by the elders from the richer families in the village, whose constituent *paras* were extended lineages. While inequalities of power at the community level is hardly news, there can be important variations. Thus Lawson-McDowall (2000) found a contrast in the management of micro-hydel between the rural communities of Nepal and Chitral in Northern Pakistan. The caste differentiated Nepali communities had far more problems of successful and sustainable common property management due to internal suspicion and distrust than in either the *Sunni* or *Ismaili* clan communities of Chitral, where despite hierarchy, traditions of mutual support under extreme conditions of resource uncertainty were much stronger. The main problem for poorer people in power differentiated communities is to be included rather than excluded and marginalised from access to support in terms of employment, credit, casual advances, allocations of key means of production and business opportunities, and to services (shelter, sanitation, energy and charitable support). Thus the pursuit of client status, the search for a patron and thus socio-economic protection become paramount¹⁴. In doing so, legitimacy is conferred upon patrimonialism.

Third, accepting these realities of power and the benefits of inclusion through passive participation can also overcome other transactions costs of accessing community level, non-state welfare. Despite strong normative support in the literature for participation (Kothari and Cooke 2001), and while recognising that participation can improve the certainty of claims upon welfare, active participation usually entails stressful transactions costs of meetings, networking, maintaining adequate levels of information, and managing conflict and competition. Community level institutions, despite Putnam's arguments for social capital (Putnam 1993), are also famous for

¹⁴ In other words, adverse incorporation (Wood 1999) is the lesser of two evils than social closure (Putzel 1997).

their free-riding problems (Banfield 1958, Ostrom 1990), especially in that awkward social space between inner and outward concentric circles of moral proximity (Wood 2001).¹⁵ Poorer, more welfare dependent people may on the one hand be tempted to free-ride on mutual obligations through hardship and necessity, and at the same time be socially too weak to insist upon compliance by others. Thus accepting the leadership by the already more powerful combined with passive participation and acceptance of client rather than local citizenship status becomes the preferable institutional choice.

A **fourth** dimension is intermediation which reflects the issues of permeability and labelling in weak state contexts (Wood 2007). By using ‘community’ to refer to a wide range of sub nation-state welfare activity, we are looking at an arena within which poor people are seeking links to security beyond the provision of their own immediate families and inner concentric circles of moral proximity. Those links are not just to informal provision wherein *de facto* rights to welfare might exist as part of an informal security regime (Wood 2004), but a process of informal linkage to services on offer from imperfect, contaminated state provision where access is less rights based and more **contact** based through interlocked transactions. Urban slum dwellers in Dhaka rely upon these personalised forms of intermediation and brokerage to access essential services in the municipality as well as employment opportunities. They rely upon the *mastaan* and *mastaani* organisational culture. Before the research of M.I.A.Khan (2000) such *mastaan* were regarded as underworld, criminalised brokers (or ‘touts’) intimidating the poor and business classes alike through protection rackets and threats of violence—generic, informal rent-seeking. While this description is true, these roles are not simply pathological. They are a function and outcome of the negative permeability of the IRM which produces dependent, non rights based security for the vulnerable. Municipal officials and street level bureaucrats are themselves rent-seeking classes both underpaid and unrewarded for probity in a highly resource constrained environment. Their zoning control over urban dwelling space, together with sanitation and electricity services, gives them opportunities for rent-seeking from poor urban slum dwellers which can only be realised through intermediary *mastaan* who can control these local populations through violence and intimidation, or more commonly through the threat of violence. *Mastaan* in effect ‘purchase’ the rights to exploitation of their urban territories from the municipal authorities, allocate plots to squatters, ensure an electricity connection, allocate them to latrines and water pumps, take commission for controlling the access of such women to employment in garments factories at the same time guaranteeing their loyalty and docility as low wage workers. In other words, they operate in the interstices between the informal and imperfect official worlds of welfare. And where the poor are not labelled for rights based entitlements, the *mastaan* step in to provide. The Bangladesh example can be generalised. Indeed the *mafia* phenomenon occurs whenever societies have problematic IRMs. And sometimes the gangs become militias controlling larger scale territory as in the eastern Congo or Darfur. These are all part of the intermediation phenomenon, negotiating access to low grade entitlements for the otherwise excluded, gaining rents in return. Typically these are also situations in which property is ill-defined (M.H.Khan 2004).

¹⁵ The inner circles are resolved through intimacy of moral commitment (e.g. to immediate kin), and outward circles are resolved through formal by-laws and legally backed sanctions.

Fifth is the problem of the ‘franchise state’ (Wood 1997), referring particularly to the role of a plethora of non-governmental organisations across the voluntary, not-for-profit and contracted profit taking sectors. In the context of a welfare discussion, the key areas for such provision have been health, care and education, and sometimes support for basic incomes either via cash transfers or microfinance.¹⁶ Clearly in some types of welfare state regime, not everything is done directly by the state itself, but through contracted services with some elements of regulation through licensing and registration. Thus different OECD countries across Esping-Andersen’s three major welfare state forms have experimented with public-private arrangements along a principal-agent continuum from heavy state regulation to essentially private sector provision, as for example in many retirement homes in the USA and UK. In other welfare regimes, non-state actors have also been significant service providers. The Christian Church (see also the next section) has been historically active in the education sector.¹⁷ In Bangladesh, this role has been undertaken by donor sponsored NGOs, and prompted the earlier proposition about the franchise state. By franchising out key areas of a state’s responsibilities in the welfare sector to voluntary or contracted providers, the state is weakening the rights based access to these services and inhibiting governance and accountability by inserting a non-accountable provider between itself and citizens, thus becoming ‘states without citizens’, or by simply deserting the field. Under these conditions, the state can avoid direct responsibility for coverage and performance, deflecting criticism to a provider reneging on contracts. In Bangladesh, the substantial NGO (more voluntary through donor funding than directly contracted) intrusion into the primary education sector extended provision but reduced rights based entitlements at the same time, having no capacity to dictate where NGOs located their services, and with NGOs reporting to donors rather than the state. The care sector in the UK is also a good example of this generic problem.

The Globally Undermined State

As indicated in the wellbeing regimes model, the IRM has its international as well as domestic dimension. It is a cliché to remark that globalisation affects us all, and states even in advanced democracies struggle to maintain control over their domestic policy levers. We are witnessing the exaggeration of this problem during the present recession and the recent G20 meeting. Perhaps we in the UK, with our excessive reliance upon financial services, feel particularly exposed at this time. Certainly our fiscal room for manoeuvre is a function of this exposure, with an expectation that public expenditure as a proportion of future GDP must decline if the national debt is to be reduced to prudent levels to sustain the value of the currency. Elsewhere in the world, where states are more fragile than the UK, the exposure to globalisation takes other forms which can strengthen the presence of non-state activity within the society and widen the institutional options for the pursuit of welfare. Reference has already been made to remittances and migration in the context of the family. Many poor countries and their families have been intensifying the export of their labour comparative advantage to the world’s growth centres in the Middle East and SE Asia,

¹⁶ If this was a more ‘development’ discussion, then we might be including support for agriculture via services and infrastructure, and other employment generation programmes.

¹⁷ In the UK, many schools before 1944 Education Act were created and operated by the church, with a distinction between voluntary controlled and voluntary aided, which persists to this day.

following slavery and indentured transportation in previous eras.¹⁸ Bangladesh (especially Sylhet), Pakistan (especially NWFP) and India (especially Kerala now, though Gujarat in the past) have been highly dependent upon outmigration and remittance flows. Despite policy incentives to channel these flows formally through the state for taxation and/or foreign exchange management, the vast bulk of remittance income remains informal, avoiding and evading tax regimes and thus contributing to individual family welfare outside the sphere of any state policy.

States also have an ambivalent relation to the MNCs and FDI in their midst. The mining and oil sectors particularly intersect with local communities (see the MERN studies¹⁹) often controversially, but increasingly with their own bespoke social policy in terms of welfare, education and health provisions independently of the state—sometimes through charitable front organisations. Again this sets up the political and social conditions for informal intermediation, and reinforcement of existing structures of local, informal political control over resources. However, usually there is some element of agreement with the host state on the enclave characteristics of these arrangements. By contrast, there have been less ethical operators in the mining and oil sectors, and continuing in the diamond business, where alliances have been made with regional bases of power at the expense of central authority, supporting local warlords to act in mafia type ways controlling local food and medical supplies in return for political loyalty. These are the insecurity regimes described by Bevan (2004), particularly in Africa. Competing US and Soviet sponsorship of regimes and their oppositions, sometimes via the proxy of apartheid South Africa or Cuba laid the foundations for sub-state destabilisation during the Cold War era, and this has continued through more anarchic forms of international sponsorship and support, some of it now Islamic.

In welfare terms, these forms of dismemberment and support for secessionary tendencies increasingly separate local populations from any rights based relation to the state and forces them into localised, informal dependencies and vulnerable to the tactical patronage of local commanders. This has also been the situation for many years in Afghanistan, where cross border ethnic solidarities divert loyalties away from the weakly embedded nation state. Thus the Southern and Eastern Pashtun areas have been substantially sponsored by ISI and other parts of the army from the Pashtun areas of neighbouring Pakistan, in opposition to both Iranian support for Shias in the West and Hazara, and Tajik and Uzbek alliances to Badakshan and Muzzar Sharif areas respectively in the North. Even the Aga Khan Foundation has attempted via Focus to support the isolated Ismaili diaspora distributed among the Sunni clans in the North. In all these Afghan examples, the welfare writ of the state from Kabul has always been limited in relation to the strength of local warlords and commanders. My own brief research in post-war Badakshan (Wood 2002) revealed a wary alliance between the local Uzbek commander and the dominant ‘international’ NGO in the area—AfghanAid. The latter’s distribution of seed, other agricultural inputs, even crop trials, as well as rehabilitating infrastructure (especially roads, bridges and irrigation channels) and cash transfers were all mediated by the local commander,

¹⁸ And within large continents such as Africa, there has been a long history of labour movements e.g. towards the Southern African mining sector; but also in the India sub-continent there has been considerable inter-state migration, such as Bihari labour to the Punjab, as well as Gujarati entrepreneurial acumen to the mining areas in what is now Jharkand.

¹⁹ MERN= Mining and Environment Research Network, led by Alyson Warhurst.

who retained clear control over the development and welfare fortunes of the local populace. His own position, including control over the local currency, depended upon his demonstrated capacity to deliver with whatever other agency's resources were available. Even the UN agencies in the region were subject to the same intermediation, their officials understanding that this was the only option to do essential, urgent relief business. And of course local commanders had the distribution network through their own militias, as well as the power to ensure compliance when village and family level cooperation with agency objectives was required.

Alongside these exceptional conditions, there is the subverting presence of large external donors both official and INGO. Following the Paris Declaration, much official aid has returned to the state through budget support and SWAPs,²⁰ but in the intervening 2-3 decades much official aid was project aid, operating through local executors with only loose, token connections to state supervision through quiescent project directors from host ministries. These 'enclave' projects were another example of intermediation between citizen and state, albeit via the aid mafia rather than the local ones! And even now some large scale budget support programmes are enclave projects in thin disguise, with only fig leaves for protection. The current DFID poverty reduction programmes in Bangladesh (EEP, UPPR, CLP and BRAC= £250 million) are cases in point, with specifically hired project teams and only the link of a project director to the parent ministry in GOB plus a national Steering Committee to allocate the challenge fund to NGOs with good ideas.²¹ In the past, I coined the phrase 'rent-a thana' to describe officially aided projects in Bangladesh (Wood 1980), with different bilateral and international agencies having their own territories in the country for their development experimentation and pet ideas. Sri Lanka during the 80s was carved up in the same way—Sweden 'had' Matara District in the South, for example. There are now cash transfer programmes in Bangladesh which are administered directly through state authorities (see Davis 2004 for a description of the welfare regime in Bangladesh) but much welfare activity remains outside. This earlier picture was the external, global, motivation for the critique of the franchise state (see above) in which I argued the dangers for governance and accountability of franchising out state responsibilities to contracting organisations sponsored by external aid, transferring what ought to be statutory entitlements into the voluntary domain and removing citizenship as a result.

With a background in Bangladesh, *inter alia*, I am bound to observe the impact of INGOs and externally supported NGOs in taking significant forms of welfare (including the security of agency objective) into the non-state domain. Bangladesh is not unique in this process, especially as non-state welfare is so attractive to a neo-liberal discourse which contains severe critiques of governance and government competence. A key ingredient in the expansion of the non-state presence in the welfare regime has, ironically, been the frequent recourse to military led governments which have required alliances with the NGO sector to maintain some kind of local level constituency for their legitimation. We can observe a parallel process in Pakistan, especially during the Musharaff regime, but also previous military regimes. In Bangladesh, successive 'democratic' states have been extremely wary of the NGO presence on their 'aided' policy and distributive turf. If outside of government control,

²⁰ Such forms of aid direct to the host state used to be called commodity aid in earlier eras.

²¹ I sit on this NSC, surrounded by hostile, non-stakeholding government officials who cannot understand why their departments are not controlling this input into poor people's welfare.

NGOs are perceived as undermining the capacity of politicians to develop constituency loyalty through government patronage and monopoly of local flows of investment and welfare. They inhibit the reproduction of citizen based politics and thus must be held responsible for de-legitimising state institutions and causing political instability and succession crises. Thus we have seen the formation of the NGO Affairs Bureau to tighten up the registration criteria for approving and thereafter monitoring NGOs. We have seen successive regimes harassing NGOs considered to be a political challenge with corruption allegations against their executives in order to ensure more compliance and local level loyalty, including the attribution of positive welfare outcomes to local political representatives. The problem with strong NGOs is that they have voice and exit options, and direct lines of communication and indeed reporting to external donors, with the host state bypassed in between. BRAC is now almost untouchable. Grameen Bank, similarly.

In addition to remittances, aid, FDI and MNCs, cross-border ethnic solidarities competing with the state, INGOs and NGOs, there are also global faith based movements offering exit alternatives to voice and loyalty with the domestic state. Most of the large, institutionalised faiths have strong charitable and philanthropic organisations providing various kinds of non-state social welfare within their host societies. Hindu temples and affiliated 'sabhas' have always been a source of food and shelter to the needy, especially itinerants. The Christian churches have long been involved in alms-giving and educational provision across Europe, North America and elsewhere. The rising Pentecostal churches in Latin America operate in the poorest communities, effectively replacing the previous colonially derived Catholic infrastructure (Copestake and Wood 2008). The different sects of Islam see their mosques (Sunni), *imambargas* (Shia) and *jamatkhana*²² (Ismaili) as community welfare centres, distributing *zakat* in various forms to the locally needy (see Wood, Malik and Sagheer eds 2006). The global dimension to faith based welfare is not new with so much evidence of Christian colonial missionary and related charitable activity across the Indian sub-continent, sub-Saharan Africa and Latin America and extending into contemporary provision through a myriad of INGOs, raising funds through revivalist and born again movements in the West, especially North America²³. However this has been intensified in the last 2 to 3 decades especially within the Islamic faith enriched post-1973 by the rising value of petro-dollars and the expanded opportunities to compete with Western secular development agencies particularly in West Asia, but also further East in poor Muslim societies like Bangladesh (Wood 2007/2009) and richer ones like Indonesia.

Perhaps the most obvious manifestation of this trend has been the use of Saudi alongside US funds to support the Afghan refugees in NWFP, Pakistan during and after the Soviet occupation. The refugee dependency, combined with exclusion from any social policy attention from the Pakistan state, stimulated the expansion of *madrassas* as a major instrument of both mobilisation (for the *mujaheddin*) as well as basic needs support for youth (food, shelter and literacy). That support both created and then subsequently underpinned the Taliban as a social force alongside a fighting

²² Literally: food for followers.

²³ In post-liberation Bangladesh, the international Christian churches were very active such as the Mennonites and the Lutherans, deriving not only from North America, but also Scandinavia and the Netherlands. As Bangladesh became more Islamic in its identity, so increasingly these Christian organisations were being accused of evangelism.

one—initially as part of the liberation of Afghanistan from the Soviet presence, then in the conduct of the civil war leading to government, and now back in guerrilla mode, but this time on both sides of the border, with even Swat now overrun and adopting Sharia law. It has also been interesting to observe the significance of Kuwaiti sources of support for the beleaguered Shia communities in Pakistan, especially in Baltistan in the North. Of course, the Aga Khan Foundation has been a major provider of welfare and development opportunities²⁴ for the Ismaili diaspora communities in Northern Pakistan and Central Asia, more or less completely bypassing the host state. A complete, enclave, rural institutional infrastructure has been created, building irrigation systems, road, bridges, schools, health centres, provision of microfinance and so on. International Islamic aid is now significantly penetrating Bangladesh, with an expansion of *madrassas*, hospitals, orphanages catering especially to the newly urbanised but alienated and socially excluded rural migrants and first generation urbanites.

Conclusion: The Security of Welfare and Agency

Most people, in whatever category of wealth and income, have an overriding desire for security, at least as a platform and insurance from which they can take risks and innovate. But despite a prevailing western discourse about state led social policy, there is a widespread reliance upon informal welfare within imperfect wellbeing regimes. Not least of course in the USA where a combination of the frontier spirit and the neo-liberal agenda has produced highly residualist forms of welfare entitlements, maintained by labelling and associated stigma. But perhaps at least the rules are clear about rights and entitlements, even if highly restricted and non-universalistic. But for many societies, especially outside the OECD region, not only are entitlements non-pervasive, but the rights framework within which they are situated is ambiguous, ambivalent and contested. Across the institutional landscape through which people have to negotiate their livelihoods and survival, there are major problems of governance, accountability, corruption, preferentialism, market exclusion, social closure and patron-clientelism.

In any society, these ‘imperfections’ (in the sense of compelling people to operate outside a rights based, equitable socio-economic framework) are an evolved feature of the interests of those classes and groups for whom such imperfections work. Imperfections are a function of power and inequality, and are instruments of control over populations which have to negotiate their survival from positions of weakness in their relationships and other resources. To the extent that such imperfect institutional landscapes constitute a prison (Wood 2000) in Goffman’s sense of a total institution (Goffman 1971), then the rules of the prevailing institutional landscape for welfare and opportunity oblige people to conform to such rules, thereby further reinforcing their operational validity. People in need of welfare and searching for it (Wood 2001) are trapped into making degraded institutional choices for the sake of short term survival. This can be a deeply insidious process, since these choices are not just about adopting client status or paying bribes to street level bureaucrats and above.

²⁴ In the Northern Areas and Chitral District of Pakistan, the AKF (as the apex organisation) has deployed its own funds and levered in other donor support for the Aga Khan Development Network (AKDN), comprising the famous AKRSP, as well as education, health, cultural, water and sanitation programmes.

Underpinning the clientelist, dependent security option are deeper, alienating processes of shame and dishonour, alongside the pseudo membership of social groupings²⁵ through which preferential access can be achieved in highly segmented markets and bureaucratic services. This is why I have for 25 years regarded the processes of labelling, imposed identity acceptance and enforced loyalty as such an important feature of power and welfare rationing. Thus informal security regimes become institutionalised, hegemonic and self reproducing. Escape relies upon risky counter-labelling.

Herein lies the 'regime' quality to the social processes being described above. There is heavy path dependency represented through the metaphor of the prison. Path dependency would not matter if the welfare regime was rights based, even universalistic (Standing 1999), operating within a strong framework of good governance and accountability and which was evidence of a political settlement which had been democratically arrived at. Simple reproduction of such rights and entitlements would be welcome. The problem is that instead of witnessing a well functioning welfare state (or wellbeing state), we are more frequently witnessing sufficient imperfections reinforced through negative permeability to push would-be providers of welfare as well as potential recipients into non-state, informal institutional choices where either discretionary voluntarism and/or discretionary patronage occurs. Without recourse to statutory guarantees and predictability of service due to the prevalence of non-state, discretionary practices, people in need of support beyond their own resources, or those of their inner concentric circles, have to invest in either community reciprocity and the moral economy (Scott 1976) or in personalised clientelist dependency, or in institutionalised clientelism upon voluntaristic philanthropy. That investment entails active agency in the reproduction of non-state modes of dependent security, for agency itself as well as welfare (the wellbeing combination).

I still find Hirschman's formula (1970) useful to explain the significance of the institutional price being paid for what is, in effect, this investment in negative permeability. In a non-rights framework, the default position is **loyalty** to sub-standard institutions. **Voice** may occasionally erupt through protests, riots, strikes and *hartals*, but is rarely sustained in political party or civil society terms to the point of reforms towards positive permeability. **Exit** is unattractive as an option as it offers no solutions beyond the risks of migration and unsupported autonomy. However, there is a sub-category of exit which relies upon reinforcing the capacity of one's inner concentric circles to deliver livelihoods and security. It has therefore been revealing to supervise Susan Upton's PhD at Bath on the search in Thailand for autonomous security via exit from the state, having de facto given up on rights enhancement via voice.²⁶ This involves intimate intra- and inter- generational transfers (including

²⁵ This refers, inter alia, to having an exaggerated attachment to one's ascribed identities in racial, ethnic, linguistic, caste and tribal/clan entities.

²⁶ These are 'Thai' families from Isan in NE Thailand who have found the urban migration for work option to be a social and cultural failure. There are gender variables to the process, with young rural men experiencing a stronger sense of alienation and cultural disorientation and returning to their village and common property comfort zones; and young women sticking it out for longer, but remitting income to natal parents and preparing the way for their eventual return to set up businesses in increasingly rural contexts within their inner circles. The state in Thailand is effectively seeking to reinforce non-state welfare of this kind through its ideology of 'sufficiency economy', apparently

informal care work), and is a clearly articulated alternative to attempting to extract rights from the state or legal redress and security in the labour and financial markets. At least this interaction with urban and economic growth opportunity in Thailand, in effect re-cycling income and welfare options from the insecurity and unreliability of states and markets towards the security of the inner circle, is an advance upon the low-level value reciprocity which many of the world's poor have to rely on when all members of their inner circles are excluded from exogenous opportunities as in large swathes of the populations of Africa and South Asia.²⁷

But the essential problem with loyalty and exit under these conditions is that both forms of agency can reinforce the sub-standard path dependencies of imperfect wellbeing regimes and thus institutionally undermine longer term prospects for the security of agency²⁸. Economic and political transactions are conducted through the personalised networks of kin, clan, ethnic, race, caste and other such identities, entailing exclusion and preferentialism. And there are civil society and philanthropic organisations embedded within socio-cultural institutions engaged in welfare while reproducing dependent security and engendering Faustian bargains. The prospect for autonomous security becomes perpetually postponed. This is clearly a complicated institutional landscape within which to formulate the idea of responsibility for social policy.

giving up on itself! However despite these family level strategies, protest for welfare still erupts in Thailand—even again in Bangkok as I write.

²⁷ As noted above, in some pockets of these regions exclusion has been offset by migration and remittances (e.g. the mines for a Southern African hinterland to South Africa; and the Gulf States for NWFP in Pakistan). Perhaps more alarming, there are also offsets via recruitment to militias, including recruitment of boy and even girl soldiers (e.g. Southern Sudan, Eastern Congo, Somalia, Northern Sri Lanka and Afghanistan, including again NWFP).

²⁸ This is why Standing (ILO 2004) put emphasis upon 'voice security' in the labour process.

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